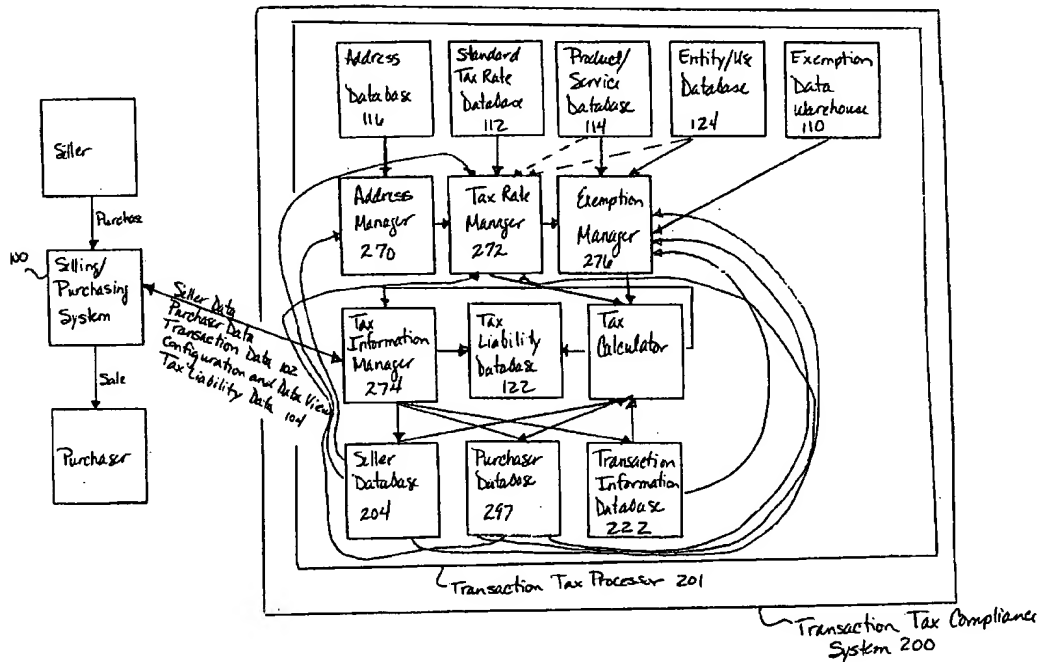




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(19) **United States**(12) **Patent Application Publication** (10) Pub. No.: **US 2003/0093320 A1**  
Sullivan (43) Pub. Date: **May 15, 2003**(54) **METHOD, SYSTEM AND COMPUTER  
PROGRAM PRODUCT FOR FACILITATING  
A TAX TRANSACTION**(86) PCT No.: **PCT/US00/42498****Publication Classification**(76) Inventor: **Daniel L. Sullivan, Marblehead, MA  
(US)**(51) Int. Cl.<sup>7</sup> ..... **G06F 17/60**(52) U.S. Cl. .... **705/19**Correspondence Address:  
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BOSTON, MA 02108 (US)**(57) **ABSTRACT**

A transaction tax compliance system having a transaction tax compliance processor which receives transaction information from selling/purchasing input systems and returns, stores, and reports the tax liabilities caused by the transaction event.

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DOCUMENT-IDENTIFIER: US 20030093320 A1

TITLE: Method, system and computer program product for  
facilitating a tax transaction

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Summary of Invention Paragraph - BSTX (2):

[0002] This invention relates to a method, a system, and a computer program product for determining and reporting a transaction tax liability for a transaction involving the sale of products or services. The burden on sellers and buyers to comply with transaction tax laws and rules in all jurisdictions in which they do business is extraordinary, and is made complicated by the numerous taxes that may be applicable in each jurisdiction involved in the transaction. Some of these taxes are either not known or complied with by the sellers and buyers. For example, consummated transactions may be subject to many different tax schemes, including, but not limited to, customs, excise, **sales, and use taxes**, gross receipts taxes, utility taxes, business and occupation taxes, and value added taxes. Federal, state, and local governments around the world have the legal authority to enact transaction taxes, and tens of thousands of taxing jurisdictions are in place today.

Detail Description Paragraph - DETX (7):

[0041] The contact information may be a name, security code, password, title, or other unique identifier of the contact information. The business location identifier may be any data or signal indicative of a unique identifier, such as an address, location code, location description, or other unique identifier of the location, status, and/or type of business location. The tax collection obligations may be any data or signal indicative of a unique identifier, such as an address, geographical location identifier, jurisdiction identifier, administration code, or other unique identifier of the tax collection obligations. The taxpayer registration number may be any data or signal indicative of a unique identifier, such as a license number, registration number, name, or other unique identifier of the taxpayer registration. The catalog control numbers and commodity codes may be any data or signal indicative of the product or service category or type, such as a numerical code, description, commodity type identifier, or other unique identifier of the commodity type or category. The entity exemption identifier

may be any data or signal indicative of a unique identifier, such as an **exemption certificate** number, a license number, a description of the reason for the exemption, or other unique identifier of the exemption status based on an entity. The use exemption identifier may be any data or signal indicative of a unique identifier, such as an **exemption certificate** number, a license number, a description of the reason for the exemption, or other unique identifier of the exemption status based on a reason. The transaction tax compliance system 200 stores this information in a seller database 204 and/or a purchaser database 297.

Detail Description Paragraph - DETX (19):

[0053] The tax situs may be any data or signal indicative of a tax situs, including a jurisdiction identifier, a state code, a zip code, a city identifier, a county identifier, a geographical location code, or any other unique identifier of a tax situs. The tax type may be any data or signal indicative of a tax type, including an identifier, description or any other unique identifier of at least one tax type, including, but not limited to, customs taxes, excise taxes, **sales taxes**, use taxes, gross receipts taxes, utility taxes, business and occupation taxes, and value added taxes. The tax rate may be any data or signal indicative of a tax rate, including a percentage, a code, or other unique identifier of a tax rate. The tax rate manager 272 may determine the tax situs, tax type, and/or applicable tax rate(s) in real-time, and further, may use real-time processing. The tax rate manager 272 may manually determine the tax situs, tax type, and/or applicable tax rate(s) only after authorization from the selling/purchasing system 100, or alternatively, may automatically determine the tax situs, tax type, and/or applicable tax rate(s) when a transaction is initialized.

Detail Description Paragraph - DETX (21):

[0055] The exemption identifier may indicate that the exemption manager may exempt the whole transaction, may exempt the whole transaction from a particular level of taxes, e.g., for a particular jurisdiction level such as local taxes, or may exempt part of the transaction by indicating a tax certificate number, a product exemption, or an exempt amount. Thus, the seller/purchaser may 'turn off' taxation in certain jurisdictions, e.g., in states where the seller is not registered or should not be taxed; or certain customers, commodities, or uses may be actually exempt from taxation. For example, exemptions may include location-based thresholds (i.e., \$2,500 maximum taxable amount); exempt products and services (i.e., clothing, food); exempt uses (i.e., sales to resellers); and exempt seller and/or purchaser entities

(i.e., sales to charitable organizations). Similarly, the entity/use database allows sellers to implement exemptions based upon receipt of a direct pay or **exemption certificate**. The commodity code may be any data or signal indicative of a tax status of a product or service, including a unique identifier or description, or other unique identifier of a commodity code. Typical commodity codes may wholly or partially exempt food for human consumption, prescription drugs, sales of services, utility services, and/or freight charges.

Detail Description Paragraph - DETX (22):

[0056] The reason code may be any unique identifier of the tax status of a seller, a purchaser, and/or a specified use of a product, including, a seller exemption identifier, a use identifier, a purchaser exemption identifier, an **exemption certificate** number, a tax license number, or any other unique identifier for tax status. Typical reason codes may identify exempt sales of items to be resold in a taxable transaction, sales of machinery to be used in industrial processing, manufacturing, or farming; and/or sales of items to religious, nonprofit, charitable, or educational organizations. The exemption manager may determine any tax exemptions in real-time, and further, may use real-time processing. The exemption manager may manually determine the whole or partial exempt status of a transaction only after authorization from the selling/purchasing system 100, or alternatively, may automatically determine the whole or partial exempt status or for a transaction when a transaction is initialized.

Detail Description Paragraph - DETX (30):

[0064] If the transaction is partially or fully tax exempt, the tax liability information database file may retain additional information including, but not limited to, the commodity code assigned to the product or service based on the status of the product or service (e.g., food), the reason code based on the purchaser or seller status as an exempt entity or transaction status based on exempt use, and the exemption identification number based on the existing **exemption certificate** number. Purchaser privacy may be maintained by withholding the true identity of the purchaser, despite the non-taxable status of the transaction. If the exemption is due to the status of the product or service purchase, the commodity code assigned to the product or service will be stored in the tax liability information database file. If the transaction is exempt due to the purchaser's status as an exempt entity, or if the transaction is exempt because the purchase will be put to an exempt use, the applicable reason code will be retained to support the exemption using the

transaction tax compliance system. The transaction tax compliance system may store an exemption identifier and the reason code in the tax liability information database file, but the tax liability information database system will not be provided with the true identity of the holder of the exemption identifier.

Detail Description Paragraph - DETX (72):

[0106] In a further embodiment of the invention, the transaction tax processor may access (620) information from an exemption data warehouse to verify the exemption status of the transaction by comparing exemption information with data from the exemption warehouse. At least one of the records in the purchaser, seller, product, and/or use database is identified as matching the current verification identifier, such as a commodity code, reason code, or an **exemption certificate** number. For example, the exemption information about the purchaser, seller, commodity, or use in the transaction information database may be compared (622) to the information from the exemption data warehouse. If the exemption information is successfully matched

with the received information, the verification status 260 in FIGS. 4A and 6 is set or updated to a verified status or value (624). If the exemption information is successfully matched, the transaction tax processor may send (626) a verification message to the selling/purchasing system. Alternatively or additionally, the transaction tax processor may create or update (628) the completion code (236 in FIGS. 4A and 6) to indicate a successful or unsuccessful verification of exemption status. If the exemption information is not successfully matched, the tax transaction processor may send (630) a warning message or request for update message to the selling/purchasing system.

Detail Description Paragraph - DETX (86):

[0120] The selling/purchasing system or the transaction tax processor may place or store (718) summary data from the tax liability information database file into the appropriate space on the seller/purchaser tax return. The system placing summary data in a tax return is preferably programmed in JAVA code and

is Internet ready. JAVA code allows the system to be independent of the platform system, e.g., MS-DOS based systems, Apple-based systems, and/or IBM

OS2 based systems. The transaction tax compliance system may include scanned

tax forms and the calculation logic to determine the applicable tax to be reported and/or remitted. These tax forms may be related to **sales and use**

**taxes** in addition to telecommunications, utilities, meal and beverage taxes, and any other tax schemes or types supported by the transaction tax compliance system. The appropriate tax forms and tax returns provided by the transaction tax compliance system may be provided to the transaction tax processor by taxing authorities to assure accuracy and compliance. The transaction tax processor may from time to time update (720) the forms and tax returns using methods known in the art.

Claims Text - CLTX (17):

16. The method as claimed in claim 3, wherein the applicable tax liability includes at least one of customs, excise, **sales, and use taxes**, gross receipts taxes, utility taxes, business and occupation taxes, and value added taxes.